



## BUSINESS UPDATE

# ROD GRAMS

UNITED STATES SENATOR ■ MINNESOTA

United States Senate  
WASHINGTON, DC 20510-2304

Dear Minnesota Job Provider:

Ensuring that our job providers have the tools and entrepreneurial freedom to create the jobs on which millions of workers – and a vibrant economy – depend is among the most vital functions of government. Through its tax, regulatory, and other policies, the federal government has a dramatic impact on the ability of job providers to meet the needs of both workers and consumers.

Maintaining contact with the Minnesotans who create our jobs and represent the backbone of our state's economy is important to me, and I would like to discuss in this newsletter some of the issues in Congress on which I have been working. Please continue to contact me with your concerns – I rely upon your input and advice as we debate these critical issues in Congress.

Sincerely,

Rod Grams  
United States Senator

### Reducing the Tax Burden

All Americans, whether they are job providers like yourselves or individual taxpayers, are overwhelmed by a complex, confusing, and biased tax code. Taxes are too high, and the code itself is so complicated and cumbersome that it is beyond repair. As your Senator, I have made tax relief and reform one of my top legislative priorities.

I will address tax policy more in-depth later in this newsletter, but I want to highlight one small tax provision I believe will pass this year that affects small business owners who sell their businesses. Legislation I introduced with Senator Conrad Burns calls for repeal of a new law requiring business owners who sell their businesses to pay their capital gains tax immediately rather than as installment payments are received. This is a ridiculous burden on small business owners, and I am working hard to include its repeal in the tax package this year.

### Reducing the Regulatory Burden Means Restoring Common Sense

Another of the most common concerns job providers share with me is the increasing amount of federal regulation and paperwork requirements. Most estimates put the private sector cost of compliance with federal regulations at more than \$700 billion this year. Instead of opening the doors to prosperity and creating opportunities to succeed, the hidden taxes of regulation curtail additional hiring, prevent capital investment and growth of new lines of business, and siphon away dollars that could go toward hiring new employees or boosting salaries.

In our discussions, many of you have strongly opposed the new Occupational Safety and Health Administration (OSHA) ergonomics standards. These regulations are scheduled to go into effect at the end of this year; however, I am working with Senators Bond and Enzi to require a delay in implementation until we have received the study being conducted by the National Academy of Science. It is incredible to me how OSHA claims to have this authority without adequate study on whether this is enough of a problem to require these new mandates or what the cost of implementation would be.

I will continue my efforts to develop a federal regulatory system that combines the best use of our nation's resources with public safeguards that are both thorough and proper. A more open and accountable regulatory process based on sound science – and basic common sense – will improve our health, safety, and environmental protections while shielding job creators from job-killing regulatory costs.

### Providing Access to Quality, Affordable Health Care

#### Patients' Bill of Rights Plus

The Senate last year passed landmark legislation that will change the way health plans do business. Currently



*Senator Grams receives the Spirit of Enterprise award from the President of the U.S. Chamber of Commerce*

before a House-Senate Conference Committee, the Patients' Bill of Rights Plus Act guarantees that patients will receive the care they need, when they need it – without a government gatekeeper that ultimately restricts choice and drives up costs.

Many of you are concerned about how the very different House and Senate versions will be reconciled. The Conference Committee has been working full time to iron out the differences, and the priority continues to be to ensure that the scope and liability issue compromises do not affect the ability of employers to offer good health insurance for their employees. As this process nears completion, I will continue my efforts to achieve a fair and workable result.

### Health Insurance Tax Issues

I am pleased that the Patients' Bill of Right Plus contains provisions I authored to allow full deductibility of health insurance costs for the self-employed and expanded Medical Savings Accounts. If those provisions are not included in the final bill, I am hopeful that they will be part of a tax relief bill later this year.

### Trade: Strengthening and Broadening Markets

#### PNTR with China

In an export-driven economy like ours in Minnesota, opening more markets for our industries ultimately translates into better jobs for workers and additional benefits for all consumers. As one of the nation's top producers in the fields of agriculture, high technology, energy, and environmental technology, Minnesota cannot afford for the U.S. to close its borders to new trading opportunities. Free and fair trade are essential to helping our businesses expand their reach, especially into an emerging market such as China.

The Minnesota-China connection continues to strengthen. Minnesota exports to China reached \$316 million in 1998, up 165 percent from 1993. China now ranks as Minnesota's 12th-largest export destination, a significant step up from just seven years ago.

With that in mind, the strong House vote in support of permanent normal trade relations (PNTR) with China on May 24 was a great victory. I have been working to promote PNTR in the Senate with the chairman and members of the Finance Committee, and our goal is to pass it quickly. Unfortunately, there will be many attempts to attach related and unrelated amendments to PNTR that could slow it down significantly and even force another vote in the House. Nevertheless, with so many Minnesota job providers – small, medium, and large – depending on the outcome, I am committed to passing a measure that so clearly benefits our entire state.

#### Africa & Caribbean Basin Trade

In May, Congress made a vital contribution to the economic development of the African continent by passing the African Growth and Opportunity Act, which the President has now signed into law. The legislation promotes private investment and trade by providing tariff benefits both to sub-Saharan African nations as well as the Caribbean Basin nations. Benefits are tied to economic reforms that should make these markets far more appealing to our exporters in the future, especially as Africa grows, raises its standard of living, and develops more of a middle class.



*Senator Grams tours United Defense with employees*

### Sanctions Reform

Minnesota jobs depend on cultivating a worldwide market for our products. Yet, some in Congress remain intent on erecting roadblocks to free trade. By imposing toothless sanctions on potential trading partners, Washington too often pursues a counterproductive path that actually slows progress in trade policy, foreign diplomacy, human rights, religious freedom, worker rights, nuclear proliferation, and global environmental issues.

As a leader in the effort to terminate or minimize the use of unilateral sanctions, I am disappointed we have not been able to pass the Lugar Sanctions Reform Act, which calls for analyzing the effectiveness of sanctions before they are passed by Congress or imposed by the President. However, we did receive 70 votes last year to lift existing and future sanctions on food and medicine, including those on Cuba. Currently, we are in an all-out battle to keep this in the Agriculture Appropriations bill for 2001. Unilateral sanctions rarely accomplish their intended purpose and only wind up hurting the people of nations we are sanctioning.

### World Trade Organization Negotiations

With trade such an important component of the Minnesota economy, I traveled to Seattle last fall to participate personally in the Ministerial meeting of the World Trade Organization. There, I pressed the message that we must continue to combat agriculture subsidies in Europe and other nations and open markets for services abroad. Just as importantly, these agreements must be enforced once they are reached. I hope recent efforts to jump-start the next round of multilateral trade negotiations will succeed.

The Seattle meeting and its demonstrations reminded me how much more we have to do to communicate to the American people the importance of your efforts as job creators and exporters. The business community can and does help other countries move toward reform in the areas of human rights, labor rights, and religious persecution; that is the message we need to do a better job of sharing.

### Export Administration Act

Renewal of the Export Administration Act is another piece of legislation on which I have worked hard to achieve a good accommodation between export promotion and national security concerns. Unfortunately, it has been held up in the Senate by those who seek to limit more exports. I will continue to do what I can to secure passage of this legislation, which is important to so many Minnesotans.



## Bolstering Our Workforce

The world's best and brightest want to become Americans to achieve the economic freedom they are too often denied in their homelands. And during this time of great economic growth, America's high-tech companies desperately need their talents if they are to excel and compete. Congress is finalizing legislation that would address the shortage of highly skilled technical professionals in the high-tech industry by increasing the H1B visa caps that were boosted previously in Fiscal Years 1999 and 2000. This year's increase will place more of an emphasis on training our young people to take these jobs in the future.

## Senator Grams' Other Priorities

### Social Security: Protecting America's Investment In The Future



Saving Social Security, preserving its integrity, and ensuring security in retirement for today's senior citizens and tomorrow's retirees is a critical concern of Minnesotans. To offer every individual the opportunity to achieve wealth –

and the security it affords – in their retirement years, Congress must work proactively and plan creatively. The experts agree that Social Security is a fiscal time bomb that cannot survive as we know it once the Baby Boom generation begins to retire. The biggest risk is to do nothing at all.

While politicians routinely talk about “saving Social Security,” the 106th Congress is taking action. At the beginning of this year, I introduced the **Grams' Lockbox (S. 1693)**, legislation that prevents Washington from spending the Social Security surplus by locking in those dollars for their intended use: security for retirees. The **Grams' lockbox** triggers an automatic reduction in government spending, including the pay of Members of Congress, if any of the Social Security surplus is spent, returning it to the Social Security Trust Fund. As a member of the Senate Budget Committee, I offered my proposal as an amendment to the annual budget, and the **Grams' lockbox** was approved by both the Senate and the House of Representatives in April.

This was but a first step toward saving Social Security. Some in Washington propose increasing taxes, cutting benefits or boosting the retirement age so Social Security can limp into the future. But retirees deserve more than just another federal program after a lifetime of work — they should have financial security in their non-working years. That is why I introduced the **Personal Security and Wealth in Retirement Act (S. 1103)**. My legislation offers Americans the option of participating in personal retirement accounts, while guaranteeing minimum retirement benefits. I have outlined this proposal in more than 50 town hall meetings held across Minnesota in the past year, and the response from every age group, in every community, has been extremely enthusiastic. For more information about my efforts to ensure retirement security for all Americans, please visit my special “Social Security: America's Investment in the Future” web page at: <http://www.senate.gov/~grams/>. You may also be interested in attending an event where I will be appearing with Jose Pinera, Chile's former Secretary of Labor and Social Security, who was the architect of that country's successful privatization of its pension system, July 6, at the Minneapolis-St. Paul Airport Hilton at 6:30 pm.

## Tax Relief: Returning Power (And Dollars) To The People



I have made cutting taxes for Minnesota's overtaxed families my top priority in the U.S. Senate, and was the driving force behind enactment of the **\$500 per-child tax credit**. This measure took full

effect this past year and has resulted in the largest tax relief effort since the Reagan Administration's tax cuts in 1982. More importantly, the \$500 per child tax credit is putting \$22 billion back into the pockets of American families each year – \$500 million for Minnesota families alone. Thanks to the \$500 per-child tax credit and several minor tax initiatives enacted over the past five years, Congress has successfully lowered the overall tax burden for many families.

**But taxes are still far too burdensome.** I worked hard to return some of the tax overcharges to the taxpayers in this year's budget. This tax relief would total \$150 billion over five years. It calls for relief from the marriage penalty tax, a tax incentive for affordable education, health care tax relief, small business tax relief, and repeal of the Clinton/Gore fuel taxes. We will not know until later this year, during final negotiations between Congress and the Administration, how successful our efforts will be to cut taxes for working Americans. ***Your participation in this debate could mean success or failure. If you agree with me that Congress should pass tax relief for hard-working middle-class taxpayers, write, email, or call your Congressional representatives and the President today!***

**The tax code itself is unfair, too complicated and unfriendly to the taxpayer.** Ultimately, cutting taxes will not fix the enormous problems inherent in our tax system. To restore fairness, we must rip out the entire tax code and replace it with something fair, friendly, and easy to understand. Minnesotans should never have to face another April 15 again, with all its forms, fears, and frustrations. I will continue to pursue this goal.

## Education: Freedom, Flexibility, And A Local Focus Needed



The best education is a local education, taught by caring teachers, supported by involved parents, and nurtured by local school districts with the flexibility to meet local needs. Washington needs to understand that a student's best

friend is a book or an Internet connection, not a federal bureaucrat.

The **Education Flexibility Partnership Act (S. 280)** is an example of returning educational choices to the local level. The bill, passed by both the House and Senate and signed into law, extends into every state the power of the “Education Flexibility Partnership Demonstration Program,” otherwise known as “Ed-Flex.” Ed-Flex allows eligible local school districts to forgo the federal red tape that consumes so many precious education dollars. Moreover, the best way to help teachers teach is to give them the freedom, flexibility, and resources to get their job done without undue interference and federal strings.

One of my major concerns whenever Congress takes up the education debate is making sure that Minnesota taxpayers get their money's worth. Too much of

Minnesotans' education tax dollars are consumed by federal administrative requirements. In fact, Minnesotans lose over \$60 million yearly because of unfavorable distribution formulas. Consequently, among amendments to the **Elementary and Secondary Education Act** that I have proposed or cosponsored is one that would help address this imbalance and provide Minnesota a better return on the federal tax dollars we commit to the Washington bureaucracy.

Parents and teachers, not Washington bureaucrats, have the greatest stake in the education of Minnesota children, and we must make sure they are not stifled by one-size-fits-all federal mandates. I will continue working to keep more of your tax dollars in the classrooms and keep education decisions at home.

## Agriculture: Preserving Our Rural Heritage, Promoting Economic Opportunities



As someone who grew up on a dairy farm, I understand the concerns of Minnesota farmers. I have met on countless occasions with farmers, rural lenders, and small business owners to discuss issues important to agriculture and the rural economy. I have taken suggestions from these meetings and drafted legislation – encompassed within my Farm and Town Empowerment Plan – that promotes the economic opportunities our farmers and rural communities deserve.

The best way to help our farmers is to get Washington out of their way, while preserving a safety net for the inevitable tough times. That safety net was strengthened with the recent enactment of crop insurance reform. This legislation, modeled after my Crop Insurance Reform Act, is a vital and long-overdue tool in helping farmers through difficult periods of crop failures and managing their risk in periods of low prices. This legislation also contained \$7.1 billion in emergency aid to producers. In addition, I was able to convince Congress to include emergency aid to dairy farmers, which will be part of the annual agriculture spending bill.

As Congress begins to work on a new farm bill, antiquated and outdated policies must be removed from the books. For example, I have introduced legislation that would reform federal dairy policies that prevent Minnesota dairy farmers from receiving a fair price. We should dispense with dairy compacts that hurt farmers and consumers alike, and inject fairness back into the federal milk marketing orders. Other steps that need to be taken include:

- extending marketing assistance loans,
- flexibility in "locking in" Loan Deficiency Payments,
- reducing taxes and regulatory burdens on farmers,
- expanding markets abroad, and
- addressing concerns regarding concentration in agriculture, and
- allowing farmers the option of placing land into shorter-term easements as part of the Conservation Reserve Program.

I will keep pressing Congress in the months ahead to give farmers the tools they need to compete fairly with producers from across the country and around the globe, regardless of geographic region or commodity.

## CONTACTING ROD GRAMS



Your input is vital to the success of these and other initiatives Congress may consider, and, as always, I encourage you to contact me with your comments and suggestions.

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